

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7034

BILL NUMBER: SB 382

NOTE PREPARED: Jan 26, 2006

BILL AMENDED: Jan 26, 2006

SUBJECT: Vanderburgh County Air Commerce Development.

FIRST AUTHOR: Sen. Becker

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill establishes the Vanderburgh County Regional Air Commerce Development Authority (Authority). It permits the Authority to establish an air commerce park in the county.

This bill permits the authority to designate the air commerce park as an allocation area for the purposes of property tax increment financing (TIF). It also provides that increased revenue from the county option income tax (COIT) paid by persons employed in the air commerce park (in excess of the amount paid before establishment of the park, and excluding revenue generated by COIT rate increases) is to be paid to the authority for use in the development and financing of certain projects in, serving, or benefiting the air commerce park. The bill authorizes the authority to issue bonds.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) *Department of State Revenue (DOR)*: The DOR will incur additional expenses to calculate the base COIT amount within the park and to account for the increment. The Department's current level of resources should be sufficient to implement this provision.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill provides for the establishment of the Vanderburgh County Air Commerce Development Authority to develop, acquire, construct, renovate, improve, and finance projects in or benefitting the air commerce park. The bill allows the Authority to designate the air commerce park on 2,400 acres of land northeast of the Evansville Regional Airport. The Authority would designate the geographic area

of the park and promote development of the park. The park may include areas that are part of an economic development area, a blighted area, an urban renewal area, a CRED, or a certified technology park only with the consent of the entity that established the area.

The Development Authority would be governed by a board of directors comprised of:

- The members of the airport authority;
- The Mayor of Evansville;
- The Vanderburgh County Council President; and
- A county resident appointed by the Governor;

The bill provides the Authority with various powers to develop the property, including the power to own, use, lease, rent, purchase, acquire, and dispose of property in the park; employ personnel; enter into contracts to carry out the responsibilities of the Authority; provide financial assistance for development purposes; and accept loans and other financial assistance from the federal government, the state, and local governments, and private sources. The bill also permits the Authority to issue bonds to pay for projects in the park. The bill permits the Authority to pay the bonds with incremental local income tax, incremental property taxes allocated to the Authority, or other revenue obtained by the Authority.

Explanation of Local Revenues: (Revised) The Development Authority could designate the park as an allocation area. In the allocation area, taxes paid on the property AV which is over and above the base AV would be captured and allocated to the Authority. The base AV includes the AV on the assessment date immediately prior to the effective date of the resolution creating the allocation area plus the AV of all residential property first assessed after the resolution date. (Note: See discussion below on allocation area impacts.) The bill allows the Authority to issue bonds for up to 30 years to be paid from revenue available to the Authority.

The Development Authority may capture incremental COIT revenues annually generated within the park. There is no monetary limit on the COIT capture. Captured COIT tax revenue would be deposited by the State Treasurer into the Incremental Tax Financing Fund for distribution to the Development Authority

The Development Authority must establish an Air Commerce Park Allocation Fund. Allocated property taxes and incremental income taxes would be transferred to this fund. Money in the Fund may be used: (A) to acquire, improve, prepare, demolish, dispose of, construct, restore, preserve, maintain, repair, furnish, and equip projects; and (B) to service bonds.

Allocation Area Impacts: An allocation area does not affect total tax revenue to local civil taxing units and school corporations, except for cumulative funds, since AV growth does not generate more tax levy for these entities. The cumulative funds, however, receive less tax levy growth than would otherwise be the case due to allocation areas, since they have set tax rates that would generate more tax levy from AV growth.

If there is an increase in development because of the use of TIF, the new property would, at some point, be placed on the tax rolls. However, if one assumes that the investment would be made independent of TIF, the delay in the property being placed on the tax rolls results in a delay of the property tax burden shift from all taxpayers to the owners of the new property until the property is placed on the tax rolls.

State Agencies Affected: Department of State Revenue; Indiana Economic Development Corporation; State Treasurer.

Local Agencies Affected: Vanderburgh County Airport Authority; Vanderburgh County; City of Evansville; Taxing units that serve the area.

Information Sources:

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